

**Strategy Lifecycle  
Overview and Guide**

***July 2008***

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## I. Introduction

### PURPOSE OF THE STRATEGY LIFECYCLE AT THE BILL AND MELINDA GATES FOUNDATION

At the Bill & Melinda Gates Foundation, we aim to solve the world’s most intractable problems. They may concern health inequity in Africa, persistent poverty throughout the developing world, or the decline of public education in the United States, and they are all deeply rooted, dynamic, and complex. None will be solved easily, none will be solved tomorrow, and none will be solved by us alone. In order to catalyze fundamental and sustained positive change in the world, change that provides all people the opportunity to live healthy and productive lives, we believe our investments must be highly strategic and focused on impact.

To that end, we have adopted and refined a strategy lifecycle at the foundation.

The lifecycle recognizes the magnitude of the problems we are tackling and offers a structure to thoughtfully develop strategy, implement grantmaking accordingly, and, on an annual basis, take time to reflect on our progress, take stock of our lessons learned and course correct as necessary.

### THIS DOCUMENT

This document describes how we think about strategy development in all its phases at the foundation, building on the lessons we have learned since the lifecycle was initially rolled out in April, 2007.

It includes:

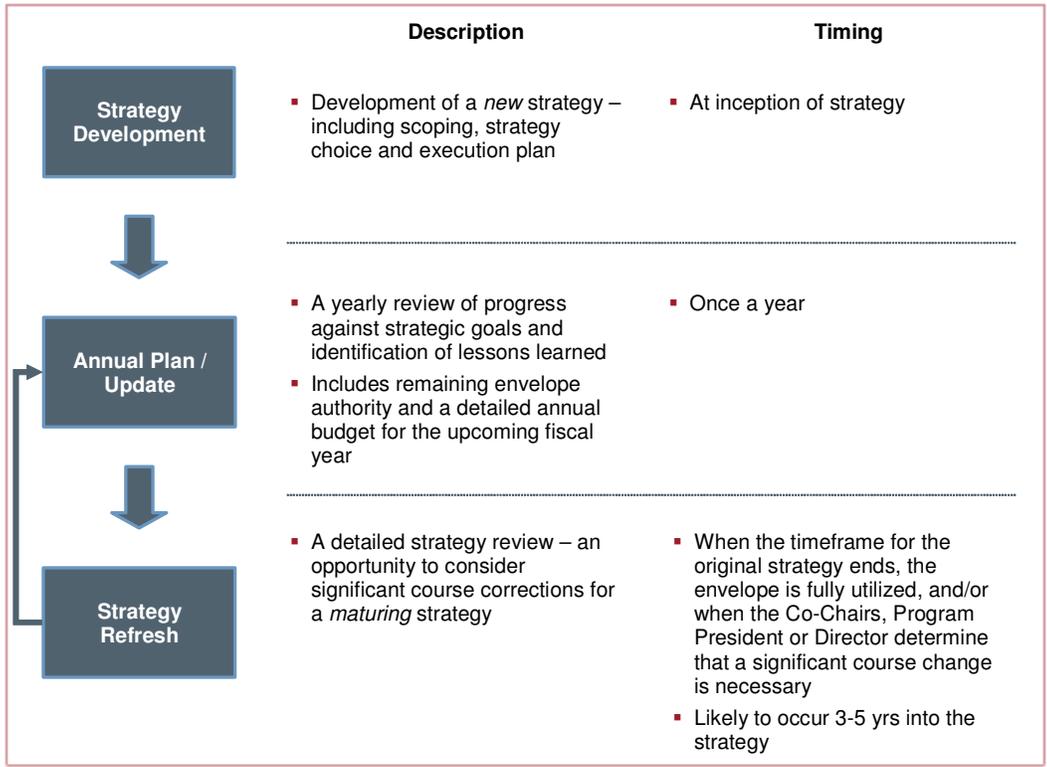
- Key questions to answer during the strategy development, update, and refresh processes
- Templates and tools for document preparation, budgeting and executive summary communication
- Tactical tips and guidelines based on previous experiences

We expect this to be a “living document,” which we will update and refine periodically to reflect current learning and best practice and to meet evolving organizational needs.

If you have questions or feedback on this document, please write to us at [info@gatesfoundation.org](mailto:info@gatesfoundation.org).

### WHAT COMPRISES THE STRATEGY LIFECYCLE?

The components of the strategy lifecycle are described in the following diagram:



At the highest level, our **strategy development process** includes three key phases:

- 1. Scoping** – in which we clearly articulate and analyze the problem we are setting out to solve and recommend an approach for tackling it;
- 2. Strategy Choice** – in which we describe our theory of change, elaborate the causal pathways to change, identify measurable targets for outcomes and impacts and describe the foundation’s role; and
- 3. Execution Plan** – in which we detail the “nuts and bolts” of how we will implement against our strategic goals, including award envelope, likely grants, sequencing and results milestones, organizational development and staffing.

The purpose of this three-phase process is to deeply understand the spaces we are entering and to be analytically rigorous and intentional in our strategic approaches—to work our way through complexity in order to reach strategic simplicity.

Even with a rigorous, thoughtful strategy process, however, we know we won’t “have it all figured out” right out of the box. We will take some risks that won’t pan out and others will exceed our expectations. Often, external circumstances will change, requiring adaptation and sometimes the re-allocation of resources. We have therefore baked into this lifecycle an **annual review of our strategies**. This annual update provides the means for us to collectively review our implementation, report on measures of success, and identify opportunities for improvement or change.

This annual update is now blended with our annual plan/budget process and will now serve as the means for delegating authority to make grants for the coming year. This blended update and budget process will be reflected in a document called the Annual Plan / Update. The Annual Plan / Update demonstrates our commitment to stewardship through the diligent review of resource expenditures in the pursuit of strategic impact.

We also expect that every **strategy will likely need to be “refreshed” every 3-5 years** to account for dynamic circumstances, new information and developing knowledge and new players. These refreshes will coincide with the diminishment of multi-year award envelopes and will necessarily include the three phases of strategy development described above.

Finally, we know that unanticipated strategic opportunities will present themselves off-cycle from these regular processes. The foundation will remain nimble and open to considering significant new opportunities if and when they emerge.

THANK YOU TO ALL WHO PROVIDED INPUT AND FEEDBACK

We engaged in a participatory process with staff in all three program areas and consulted with selected external advisors to develop the materials included here. Thanks to all who contributed to this process, providing good ideas, advice and support.

## II. Strategy Development

### PURPOSE

Before beginning work in a new area of focus for the foundation, we engage in a strategy development process to gain a deep understanding of the problem and opportunity, make clear strategic choices and define a detailed execution plan. We aim to develop strategies that are robust, focused, and bold and that can guide our grantmaking to achieve maximum impact and further our mission and strategic goals.

There are two key roles for the deliverables of the strategy process. The first is related to governance: the strategy documents need to provide the Co-Chairs and foundation leadership with the information necessary to make choices related to approvals and delegation of authority. Second, pending strategy approval, the documents should guide strategic implementation by focusing the program staff on the most important choices and decisions emerging from the strategy development process.

### SUMMARY

As described in the introduction to this document, our strategy development process includes three key phases: 1) Scoping – in which we clearly articulate and analyze the problem we are setting out to solve and recommend an approach for tackling the problem; 2) Strategy Choice – in which we describe our theory of change, elaborate the causal pathways to change, identify measurable targets for outcomes and impacts and describe the foundation’s role; and 3) Execution Plan – in which we detail the “nuts of bolts” of how we will implement against our strategic goals, including award envelope, likely grants, sequencing and results milestones.

We engage in a similar process to *refresh* existing foundation strategies – please see Section IV below for more information.

### KEY QUESTIONS

The following key questions should be answered through the strategy development process and then summarized for review with the foundation’s leadership and Co-Chairs.

#### 1. Scoping

##### A. Provide a detailed review of the problem

1. Clearly state the problem.
2. What groups are burdened by this issue and what are the consequences?
3. What data or research provides insights into the size and scope of the problem?
4. How does this particular problem relate to the foundation’s core values?

##### B. How can this problem be solved?

1. Broadly, what are the different ways that this problem can be solved and/or what factors could address the problem?
2. Are some approaches more attractive than others? Why?
3. Are the solutions viable from scientific, market, economic perspectives, etc.?
4. What are the interdependencies among the solutions? (e.g., can you address issues of demand without also addressing supply?)
5. Are there partners in the public and/or private sector to help with the problem?

6. What are the preliminary cost estimates of what it might take to implement these solutions? Is there public financing available and if so, how can it be accessed?
7. Are there unique roles the foundation might play in pursuing specific solutions (e.g., strategic investor, convener, advocate, knowledge generator?)

C. Review external learnings and outside voices

1. What do “thought leaders” and/or studies say about this problem and solutions?
2. What are other groups doing? What has worked? What hasn’t? How can we incorporate past efforts?
3. What do people in the field advise us with respect to this problem?
4. What do we know about how the ultimate beneficiaries view this problem and potential solutions?

2. *Strategy Choice*

A. Articulate a Theory of Change to “Solve the Problem”

1. *Problem*: Review the specific problem(s) we are seeking to solve
2. *Envision*: What is our overall vision for change?
3. *What*: What are the key levers for solving this problem?
4. *Who*: Identify target populations/groups to be reached
5. *Where*: Identify specific geographies where our interventions will take place
6. *Outcomes*: What are the general short- and long-term measurable outcomes we anticipate?
7. *When*: Specify the timing
8. *How much*: Provide preliminary estimates of the resources (cost components) needed

B. Major strategy assumptions

1. What do we have to believe in order to have confidence in our Theory of Change?

C. Proposed initiatives to make the strategy work to address the problem

1. Initiatives employed to fuel the strategy:
  - a. What are the specific initiatives to be employed?
  - b. How will these initiatives be integrated with one another?
  - c. How will these initiatives address the long-term sustainability of our ‘strategy’?
2. What are the major risks that threaten success?
  - a. What don’t we know that would help define or determine long-term success?
  - b. How have we tried to mitigate the risks?
  - c. How will we adjust our initiatives and tactics as we execute the strategy?
  - d. What are the long-term risks to sustainability of our strategy?

D. Describe the foundation’s specific role in implementing the strategy

1. To what extent will we invest, generate knowledge, convene stakeholders and advocate for change?
2. What specifically are others doing and what is the existing capacity of the field?
3. How does our approach fit into the larger “eco-system” of players, including other funders, practitioners, researchers, etc.?

4. With whom and how will we develop partnerships with these other players?
5. What is our exit strategy?

E. Cross-team and cross-program links

1. What are the links with other foundation work? (consider both the focus area and also the approach, proposed initiatives, etc.)
2. What lessons can we learn from this work?

F. What are the major risks that threaten success?

1. What are our implementation risks, contextual risks and knowledge risks?
2. What are the long-term risks to sustainability
3. What are potential unintended consequences?
4. How will we mitigate the risks?

G. Measurement and Learning from Results

1. What do we hope to learn from our initiatives and what are our priority learning questions?
2. What specific measures will we use to measure progress at various levels—population, organization, community, country, systems, etc.
  - a. Execution milestones – (process and output measures)
  - b. Outcomes – measures of change
  - c. Impact – long-term, sustainable, sometimes attributable change
3. How will we measure and evaluate progress both in terms of real-time information to help manage grant portfolios and more rigorous data to inform strategy and the broader field?
4. What processes will we have in place to utilize the findings and data we generate and to incorporate our lessons and make mid-course corrections?

H. Present the detailed financial analytics that justify the size of the investment

1. What are the financial resources needed to solve this problem? How will our investments leverage the financial resources of other public and private partners? Who will provide the additional financing necessary and what is the expected timing of those contributions?
2. What are the major assumptions that drive our financial projections?

3. *Execution Plan*

A. Sequence grants year-by-year for each initiative

1. What projected total grants will be made for each initiative over the course of the strategy? How are grants distributed by target geography, population and/or strategic lever?
2. What are the existing scheduled payments from legacy grants? Will the new grants be paid over the same timeframe? How have grantees absorbed funds so far?
3. What is the total projected grant payout for each initiative for the year? Will there be grant payments that will extend beyond the strategy years? What are the portfolio commitment thresholds projected to be (e.g. % of new awards/payout per year)?
4. How does this grant plan relate to other strategies within the foundation?

B. Build a detailed multi-year ‘all-in’ budget

1. What is total grantmaking for the strategy expected to be on annual basis?

2. What are the FTE requirements to execute this strategy? How many and what type of employees will be needed? At what pace should they be expected to execute?
  3. What major consulting contracts will be needed?
    - a. What services will the consultants provide? How will evaluation be incorporated?
    - b. What is the rationale for using consultants to provide services vs. FTEs?
  4. Are there any other major expenses required to execute the plan, such as large gatherings?
- C. How does this investment fit into the program’s overall resource plan?
1. Does this force any trade-off decisions?
  2. Are the financing requirements of the strategy and the initiatives linked to and consistent with the foundation’s core values and are we being disciplined and ‘humble/mindful’ with expenses?

#### FORMAT OF DELIVERABLES

The format of the deliverables is at the program team’s discretion, and should be chosen based on how most effectively to “tell the story.” At a minimum, any materials submitted for review should include a 2-3 page executive summary to highlight the key points.

#### ESTABLISHING AWARD ENVELOPES

The **award envelope** represents the amount of funding available to award on an approved strategy over the defined **strategy years** – a time period marked by full calendar years and identified in the initial strategy (the **strategy years** in the example below are 2008–2011).

The award envelope is the sum total of all the grant commitments and contracts to be executed during the designated strategy years. Any grant payments made within the time period and future grant payments (tails) on commitments made count against the envelope. Similarly, all payments for contracts count towards the envelope as well.

When the aggregate dollar amount of the grant commitments exceeds the envelope limit or the defined time period expires, the program must complete a strategy refresh during the following calendar year. In the example below, if the strategy refresh is not complete by the end of 2011, the strategy team would need a special 1-year approval in order to continue making grants against the approved strategy.

The table below provides an illustrative example of how to think about and present these concepts:

- Strategy ABC is approved for an award envelope of \$800M for the calendar years 2008–2011
- The vertical years represent the payout associated with the commitments made during the strategy years
- The horizontal years represent the total commitments made in a respective year, in both grants and contracts

Strategy ABC (\$ in millions)								
	Strategy Years: 2008 - 2011				Strategy Tail			Total
	2008	2009	2010	2011	2012	2013	2014	
Previous Commitments	\$30.0	\$10.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$40.0
2008 Grants	40.0	40.0	40.0	40.0	0.0	0.0	0.0	160.0
2009 Grants	0.0	50.0	50.0	50.0	50.0	0.0	0.0	200.0
2010 Grants	0.0	0.0	50.0	50.0	50.0	50.0	0.0	200.0
2011 Grants	0.0	0.0	0.0	50.0	50.0	50.0	0.0	150.0
<b>Subtotal Grants</b>	<b>\$70.0</b>	<b>\$100.0</b>	<b>\$140.0</b>	<b>\$190.0</b>	<b>\$150.0</b>	<b>\$100.0</b>	<b>\$0.0</b>	<b>\$750.0</b>
2008 Contracts	\$10.0	\$5.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$15.0
2009 Contracts	0.0	5.0	5.0	0.0	0.0	0.0	0.0	10.0
2010 Contracts	0.0	0.0	5.0	5.0	10.0	0.0	0.0	20.0
2011 Contracts	0.0	0.0	0.0	5.0	0.0	0.0	0.0	5.0
<b>Subtotal Contracts</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$10.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$50.0</b>
<b>Total Grants and Contracts</b>	<b>\$80.0</b>	<b>\$110.0</b>	<b>\$150.0</b>	<b>\$200.0</b>	<b>\$160.0</b>	<b>\$100.0</b>	<b>\$0.0</b>	<b>\$800.0</b>
<b>Total Strategy Payout 2008 - 2011</b>				<b>\$540.0</b>				
<b>Total Envelope</b>								<b>\$800.0</b>

Notice that in this example, the payout for strategy ABC over the 2008-2011 time period is only \$540M. However, including the future payments scheduled in support of strategy ABC, the total envelope committed is the entirety of the \$800M award envelope approved. Strategy ABC team members would be expected to complete a strategy refresh in 2011 to continue grantmaking efforts in this area, or as stated above, request a 1-year award envelope extension.

#### A NOTE ABOUT DASHBOARDS

The dashboard is an Executive Summary document that summarizes for each program strategy the strategic approach, vision of success, envelope size and areas of action for the foundation. It is exclusively for an *internal* audience, and is intended to be a high-level distillation, not a detailed explanation of the strategy.

It is created in a SharePoint template and should be completed at the end of the strategy development/refresh processes, as part of the Execution Plan. It should also be reviewed and updated as part of the Annual Plan / Update process. It will be reviewed and approved along with the other documents submitted for the Strategy Development, Strategy Refresh or Annual Plan / Update. Once approved, Strategic Planning will publish it and make it available to all users on the Commons. Key financial elements that track spending of funds against the envelope will be updated on a quarterly basis, by FP&A.

The specific elements that need to be created during part of a new strategy development and updated as part of a strategy refresh or annual update include:

- Dashboard Owner
- Envelope Timeframe
- Dashboard Approval Date
- Current as of Date (*updated quarterly*)
- Total Approved Envelope
- Total Commitments Made (*updated quarterly*)
- Total Paid Out (*updated quarterly*)
- Remaining Envelope Available (*updated quarterly*)
- Total Future Commitments (*updated quarterly*)
- Situation/Challenge
- Vision of Success
- Approach
- Initiatives: for each –

- » Title
- » Description
- » Funding Allocated
- » Planned Results
- » Status

## TIPS FOR STRATEGY DEVELOPMENT BASED ON BEST PRACTICES TO DATE

### *Process*

#### **1. Use the three phases of strategy development to iterate—with internal and external thought partners and with executive leadership**

As described above, strategies do not need to be reviewed at each phase (Scoping, Strategy Choice, and Execution Plan), and this choice is at the discretion of the program President and team, with input from IPI. However, this iterative process has proven helpful for many teams, as they have the opportunity to test their thinking and analysis before investing additional time and effort on the next phase. There is a cost in terms of time spent preparing for these individual meetings, but many have felt that the chance for early feedback, especially after Scoping, has been useful.

#### **2. Draw on other resources within the foundation**

Many teams have found it helpful to call on colleagues within the foundation (both within and outside the program) to serve as peer reviewers / critical friends to discuss initial hypotheses, review drafts of deliverables, and / or participate in Management Committee and CEO reviews. It is helpful to identify a list of individuals early in the process, and to solicit their thoughts and input at key milestones during the process.

#### **3. Be sure to allocate the necessary staff time to develop and refresh strategies**

Developing strategies to address intractable problems takes time and it is too burdensome for program teams to simply add strategy development responsibilities on top of an existing full workload. At peak strategy times, team members may be devoting 1-3 days per week to strategy development.

#### **4. Clarify roles and responsibilities in the strategy development process**

Take the time at the beginning of a strategy process to clarify who on the team is responsible for what decisions, what body of analysis, etc. Be sure to check on roles during the course of the process. When everyone tries to do everything, it slows down the process considerably.

#### **5. Use outside consultants wisely**

We cannot outsource our thinking! Outside consultants are most useful in providing technical analytics and in neutral facilitation of strategy conversations. Our program teams have to fully “own” their strategies and drive the consultation, not have the consultants be driving us.

#### **6. Data and evidence inform strategy, but teams have to use judgment to make strategy choices**

It is very helpful to have screening criteria for making choices about which strategic initiatives and levers will be most effective and most appropriate for us. The analytics are key, but because we are often working at the edge of what is known, there will not often be incontrovertible evidence to support bold new choices. We have to use judgment and make a reasoned argument for how we think change will happen and what our unique role should be in shaping that change.

## **7. Listen to outside voices**

The strategy development templates include a series of questions around seeking and heeding the counsel of outside voices. As stated in our guiding principles, we must listen carefully to highly credible individuals and a variety of voices that are close to our issues. We must ensure that we hear their viewpoints and input on strategy, program and grant activities. This is a crucial part of the process, which both improves the quality of the strategy and helps ensure buy-in.

## **8. Focus on the ultimate beneficiaries**

Remember to listen to the ultimate beneficiaries in your strategy development as appropriate. A well-timed focus group or a piece of field research can provide useful insights to on-the-ground needs and experiences and add important context and texture.

### *Document*

#### **1. Consider the story you want to tell – and make sure the document tells it**

The most helpful documents have tied together the answers to the key questions in a story with a clear summary narrative. Even if you choose to develop the materials in PowerPoint, it can be helpful to write the story out in a few paragraphs to make sure the key points you want to convey come out clearly in the document (and this could then serve as your Executive Summary).

#### **2. Say it in plain language**

No jargon. Limit use of acronyms. Plain English tends to be most effective.

### **III. Annual Plan / Update**

#### PURPOSE

The purpose of the Annual Plan / Update is to blend the annual budget process with a review of each approved strategy to create a robust, comprehensive document that accomplishes two objectives:

1. To serve as a platform for teams to take time for deep reflection and learning to inform course corrections within strategy, on an annual basis; and
2. To serve as the means for delegating authority to make grants for the coming year.

The sections below outline the information that should be included in each relevant part of the Annual Plan / Update.

#### PRESIDENT'S LETTER

This section contains three parts: (I) Overview of the program, (II) Financial and resource needs, and (III) 4 Year Outlook (2009 – 2012). It provides each President the opportunity to present the annual plan/update in his/her own voice, and should be no more than 10 pages.

#### **I. Overview of the program**

##### A. Program Summary

1. Summarize key elements of the program. Trace the program's history over the past year, including key officers, and highlight important milestones and achievements

##### B. Strategies and Initiatives

1. Briefly describe the program's strategies and their theories of change
2. Identify expected increases in impact and sustainability in the areas of strategic focus, based on projected growth in 2009

##### C. 2009 Supportive Priorities and Objectives

1. What are your strategic and management priorities/objectives for the program in 2009?
2. Provide context to how these relate to your 2009 budget.
3. Some discussion of the rationale in creating these priorities, including key objectives and proposed course corrections from 2008
4. What lessons learned inform your objectives? What didn't go as planned in 2008?

#### **II. Financial and resource needs**

- A. Explain resources needed, financial or otherwise, to achieve your 2009 programmatic goals articulated above. Include summary chart showing spending by expense category
- B. Insert tables showing 2008/2009 comparison figures by cost type (grants, FTEs, contracts, and other) and by portfolio/cost-center
- C. Provide insight into how you have approached resource allocation, what trade-offs were made, and how this allocation relates to strategy execution

### **III. 4 Year Outlook (2009 – 2012)**

- A. Assessment of future commitments and funding flexibility
- B. FTEs by Strategy
  - 1. What major assumptions drive the outlook?
  - 2. How does the FTE request relate to the grant request?
- C. What new strategies/initiatives will be undertaken over this period?
- D. What goals and accomplishments would you like to achieve?

Each strategy will have to complete the following sections in the Annual Plan / Update: (I) Executive summary, (II) Look back, (III) Look forward, and (IV) Proposed budget growth drivers. The length should be no more than 10-15 pages per strategy. The analysis should go down to the initiative level, but this does not mean that all things necessarily need to be discussed equally. Teams should make a judgment about what to call out, given the overall intent of their update.

Note for Sections II-IV: the main sections, in **bold**, must be addressed. The questions below the bolded headings are designed to prompt teams to provide additional information that might be relevant to the bold heading. *You do not need to answer each question.* Teams should use their own judgment about the level of specificity of answers, which questions to focus on, and which questions are not relevant to a particular strategy.

**I. Executive summary**

- A. Insert up-to-date version of the Dashboard (Executive Summary only)
- B. Summary of financial projection to show existing, new, and potential future commitments projected to be made within the envelope during the approved strategy years, and in relation to the budgeted payout target.
- C. Financial summary of the proposed 2009 budget requests, including major expense categories and FTEs

Summary of 2008 Proposed Budget (\$ in millions)						
	2007 Projection	% of Payout	2008 Budget Proposal	% of Payout	Growth over 2007 Projection	% Growth
<b>Grants &amp; PRIs</b>	\$218.8	85.6%	\$250.4	83.4%	\$15.8	7.2%
General Operations DCE	16.0	3.1%	26.2	8.7%	5.1	31.6%
<b>Subtotal Direct Grantee Support</b>	<b>\$234.8</b>	<b>91.9%</b>	<b>\$276.5</b>	<b>92.2%</b>	<b>\$41.7</b>	<b>17.8%</b>
Compensation & Benefits	7.7	1.5%	10.1	1.7%	2.4	30.9%
Other Direct Employee Expenses	1.0	0.2%	1.4	0.2%	0.4	39.9%
Employee Support Expenses	0.1	0.0%	0.0	0.0%	(0.1)	(86.2%)
General Operations P&A	12.0	2.3%	12.0	2.0%	(0.0)	(0.1%)
<b>Subtotal Operating Expenses</b>	<b>\$20.8</b>	<b>8.1%</b>	<b>\$23.5</b>	<b>7.8%</b>	<b>\$2.7</b>	<b>12.8%</b>
<b>Total - Payout Basis</b>	<b>\$255.7</b>	<b>50.0%</b>	<b>\$300.0</b>	<b>50.0%</b>	<b>\$44.4</b>	<b>17.4%</b>
<b>Total FTEs</b>	<b>108.0</b>	<b>N/A</b>	<b>153.0</b>	<b>N/A</b>	<b>45.0</b>	<b>41.7%</b>

**II. Look back**

- A. **Review of external context:** Has the landscape changed significantly and if so, how? What, if any, important new data or knowledge about the problem has emerged? To what extent are other actors fulfilling their expected roles? Are significant unintended consequences emerging? What, if any, significant new opportunities have emerged? (e.g., new science, new partners, new readiness for action by governments?)
- B. **Progress against goals--accomplishments and challenges:** What are the short-term results and progress toward long-term impacts as compared to expectations? (Can include measures of process, outputs, outcomes and/or impacts). Include a brief review of accomplishments and what is going well, as well as challenges (in capacity or otherwise) that have resulted in progress falling short of expectation.

- C. **Outcome and impact measurement:** How did we measure results at the strategy and initiative levels? What were the key milestones and indicators? How did we use this measurement to facilitate learning and adaptation?
- D. **Lessons learned:** What have we learned over the past year?

**III. Look forward**

- A. **Priorities for 2009:** What are the strategic priorities for 2009? Briefly highlight key objectives and proposed course corrections from 2008. How real is it that we can execute on these priorities? What will we do to improve management and efficiency for the coming year (related to headcount, contracting, professional fees, etc.)?
- B. **Outcome and impact measurement:** How will we measure results at the strategy and initiative levels? What are the key milestones and indicators? How will we use this measurement to facilitate learning and adaptation? What if any improvements in this process are planned over the next year or so?

**IV. Proposed budget growth drivers**

- A. Grants budget overview
  - 1. Identify major existing grants (including payment estimates) with installments scheduled during the year and major new grants (including payment estimates) planned for the upcoming year

<b>Grant &amp; PRI Summary (\$ in millions)</b>						
<b>Portfolio</b>	<b>2007 Projection</b>	<b>2008 Commts</b>	<b>2008 New Grants</b>	<b>2008 Proposed</b>	<b>2008 Commit. % of Proposed</b>	<b>2007 to 2008 Growth in Payout %</b>
Agriculture Science and Technology	\$20.1	\$14.0	\$14.1	\$28.1	49.7%	39.5%
Agriculture Farmer Productivity	32.8	35.7	6.1	41.8	85.4%	27.4%
Agriculture Market Linkages	19.6	16.6	21.9	38.5	43.1%	96.3%
Agriculture Data, Policy, and Analysis	2.6	1.4	5.3	6.7	20.2%	159.0%
<b>Total Grants &amp; PRIs - Payout Basis</b>	<b>\$75.1</b>	<b>\$67.5</b>	<b>\$47.5</b>	<b>\$115.0</b>	<b>58.7%</b>	<b>53.1%</b>

- B. New FTE request overview
  - 1. Provide a summary of existing FTEs and organizational structure and a justification for why the requested positions are critical to ongoing strategy activities, how the FTEs will fit into the organizational plan, and the business case for leveraging foundation partners in this staffing strategy
  - 2. Highlight potential issues around this FTE request (e.g., explain why FTE growth is larger than grantmaking growth)

Authorized & Proposed FTEs						
	Filled	Open	New 08	Total	Growth from 2007 Authorized to 2008 Proposed	Total Growth
Agriculture Admin	6.0	0.0	1.0	7.0	16.7%	16.7%
Agriculture Science and Technology	6.0	2.0	5.0	13.0	62.5%	116.7%
Agriculture Farmer Productivity	5.0	0.0	6.0	11.0	120.0%	120.0%
Agriculture Market Linkages	8.0	0.0	6.0	14.0	75.0%	75.0%
Agriculture Data, Policy, and Analysis	1.0	0.0	3.0	4.0	300.0%	300.0%
<b>Total Foundation FTEs</b>	<b>26.0</b>	<b>2.0</b>	<b>21.0</b>	<b>49.0</b>	<b>75.0%</b>	<b>88.5%</b>
Total Foundation Partners	x.x	x.x	x.x	x.x	x.x	x.x
<b>Hiring (Nov 07-Dec 08)</b>				<b>23.0</b>		
<b>Total FTEs and Edn Partners</b>				<b>x.x</b>		

Staffing Mix						
	Filled	Open	New 08	Total	Current Mix	2008 Mix
Senior Mgmt	2.0	0.0	0.0	2.0	9.1%	4.2%
SPO/PO/Mgr	12.0	2.0	8.0	22.0	54.5%	45.8%
APO/PC/Analyst	4.0	2.0	5.0	11.0	18.2%	22.9%
Program Assistant	4.0	0.0	9.0	13.0	18.2%	27.1%
Foundation Partners	x.x	x.x	x.x	x.x	x.x	x.x
<b>Total</b>	<b>22.0</b>	<b>4.0</b>	<b>22.0</b>	<b>48.0</b>	<b>100.0%</b>	<b>100.0%</b>

C. Overview of contracts and/or professional fees

1. Identify major existing contracts (including payment estimates) with installments scheduled during the year and major new contracts (including payment estimates) planned for the upcoming year, providing a justification for how these contracts impact strategy execution, and why contracts are the best vehicle to execute these activities, rather than through grants or projects undertaken by foundation staff
2. Highlight potential issues around this request (e.g., explain of why growth in professional fees is larger than grantmaking growth and steps that have been taken to reduce the usage of professional services)

Evaluation & Professional Fees Summary (\$ in millions)					
Initiative Area	2008 Budget	% of Budget	Spending Category	2008	% of
				Budget	Category
Market Access	\$1.8	27.0%	Strategy	\$3.5	53.0%
Farmer Productivity	2.0	30.0%	Advocacy	1.5	22.0%
Science & Techonology	1.1	17.0%	Measure. & Eval.	0.5	7.0%
Data Policy & Analysis	0.9	13.0%	Other	1.2	18.0%
Administration	0.9	13.0%		0	
<b>Total</b>	<b>\$6.7</b>	<b>100.0%</b>		<b>\$6.7</b>	<b>100.0%</b>

These four sections (I) Department overview, (II) Look back, (III) Look forward, and (IV) Proposed budget growth drivers discuss the major strategies and initiatives being undertaken by the Operating Departments. The length should be no more than 10 pages for each Operating Department. Teams should make a judgment about what to call out, given the overall intent of their update.

### **I. Department overview**

- A. Provide a brief description of the role and responsibilities of the department, how this team operates and is organized (ex: matrix? sub-groups?). How do the department's functions fit with the overall mission of the foundation?

### **II. Look back**

- A. **Progress against goals:** What are the short-term results and progress toward long-term impacts as compared to expectations? (Can include measures of process, outputs, outcomes and/or impacts). Include a brief review of accomplishments and what is going well, as well as challenges (in capacity or otherwise) that have resulted in progress falling short of expectation.
- B. **Lessons learned:** What have we learned over the past year?
- C. **Outcome and Impact Measurement:** How did we measure our effectiveness and responsiveness? What were the key milestones and indicators? How did we use this measurement to facilitate learning and adaptation?

### **III. Look forward**

- A. **Priorities for 2009:** What are the priorities for 2009? Plans for developing future strategies and aligning the strategies with program areas and other operating groups. Briefly highlight key objectives and proposed course corrections from 2008, based on progress against goals and lessons learned. What options were not chosen, and why? How real is it that we can execute on these priorities, given capacity? What are our focus areas for improving management and efficiency for the coming year (related to headcount, contracting, professional fees, etc.)?
- B. **Outcome and Impact Measurement:** How are we going to measure our effectiveness going forward? Do we have established processes and targets to measure our performance? In the absence of existing tools, what are our plans for the upcoming year?

#### IV. Proposed budget growth drivers

(Opportunity to explicitly tie the 2008-2009 budget growth to the specific activities that will be undertaken in support of strategy execution. Discussion should include specific dollar estimates where possible.)

##### A. FTEs

1. Describe the drivers that best highlight the reason for seeking this new position: growth related to increasing volume, growth related to deepening expertise, or growth related to improving operations

##### B. Contracts

1. What major existing and new contract activity drives growth from 2008 to 2009?
2. How do these contracts impact strategy execution?
3. Please keep in mind that contracts received a lot of scrutiny in 2008 budget and explain how has the contracts spend been rationalized/optimized against possible options such as make vs. buy analysis and raising vendor accountability

##### C. Capital (*applicable for IT, IRIS, Security, and Site Operations*)

1. Provide an explanation for your capital requirements for 2009 and how it relates to the major projects (this section is relevant only for Information Technology and Site Operations)

<b>Capital Summary (\$ in millions)</b>					
	2007 Projection	2008 Budget Proposal	2009 Projection	Growth 2007-2008	Growth 2008-2009
Site Operations	\$9.7	\$18.7	-	91.5%	N/A
Information Technology	15.7	25.2	\$24.3	60.5%	-3.4%
Security	0.4	1.5	-	245.2%	N/A
Consolidated India Support	0.0	0.1	0.1	855.0%	0.0%
<b>Total Non-IRIS</b>	<b>\$25.9</b>	<b>\$45.4</b>	<b>\$24.4</b>	<b>75.1%</b>	<b>-46.2%</b>
IRIS (Charitable Use)	18.8	85.9	246.6	356.1%	187.0%
<b>Total Capital</b>	<b>\$44.8</b>	<b>\$131.3</b>	<b>\$271.0</b>	<b>193.4%</b>	<b>106.4%</b>
IRIS (Non-charitable)	35.7	28.7	4.2	-19.5%	-85.5%

## Strategy Refresh

### PURPOSE

After engaging in an area of focus for a few years, we pause to assess our progress and consider our strategic goals and approach. The objective of this process is to understand changes in the external environment, learn from our own experience, if necessary change either our vision of success or our strategic approach and redefine a detailed execution plan.

As for the strategy development process, there are two key roles for the deliverables of the strategy refresh process. The first is related to governance: the strategy documents need to provide the Co-Chairs and foundation leadership with the information necessary to make choices related to approvals and delegation of authority. Second, pending approval, the documents should guide strategic implementation by focusing the program staff on the most important choices and decisions emerging from the strategy refresh process.

### SUMMARY

As for the strategy development process, the strategy refresh process includes three key phases: 1) Scoping – in which we clearly articulate and analyze the problem we are setting out to solve and recommend an approach for tackling the problem; 2) Strategy Choice – in which we describe our theory of change, elaborate the causal pathways to change, identify measurable targets for outcomes and impacts and describe the foundation’s role; and 3) Execution Plan – in which we detail the “nuts of bolts” of how we will implement against our strategic goals, including award envelope, likely grants, sequencing and results milestones.

The need for a strategy refresh, likely to occur every 3-5 years, is determined through one of two events occurring with respect to an approved strategy:

- 1) The expiration of the award envelope; or
- 2) The expiration of the time period associated with the strategy.

In the first case, the Program team can request a 1-year award envelope extension in the Annual Plan / Update, but this must include an explicit spending schedule and be followed-up with a strategy refresh the next year.

In addition, a refresh may be required before either of these events occur if the Co-Chairs, CEO or Program President determine that a significant course change is necessary.

### KEY QUESTIONS

During a strategy refresh process, all key questions for strategy development should be answered and then summarized for review with the foundation’s leadership and Co-Chairs – please see pages 10-13 for these questions. In addition, the following questions should be answered as part of the *Scoping* phase (also known as the “look back”).

- A. Review previous strategy and goals
  1. What initiatives did we undertake as part of our previous strategy?
  2. What were the specific and measurable goals set for these initiatives? Within what time frame?

3. What activities, processes, type of investments, etc. were planned to achieve these goals?
  4. What specific measures of success were defined to measure progress?
- B. Review the progress we have made and the challenges we have faced
1. What specific role did we play?
    - a. Did we use our funds with the intent to directly affect the target population (strategic investors)?
    - b. Did we fund research to improve understanding of the issues? (knowledge generators)
    - c. Did we assemble stakeholders to encourage dialogue, coordination and/or collaboration? (conveners)
    - d. Did we raise the profile of the issue with influential stakeholders? (advocacy)
    - e. Did we partner with others? What relationship do they have with the foundation?
  2. What links were there with other strategies within the foundation?
  3. What was the financial cost of these activities and investments to us and our partners?
  4. What did we accomplish?
    - a. Quantitatively – outputs (things produced, clients served, etc) and outcomes (change in knowledge/skills, behaviors/conditions, systems, etc.)
    - b. Qualitatively – examples and context
    - c. Did accomplishments vary from what was originally intended/expected and if so, how?
  5. What has not been accomplished? Why? What were the major obstacles?
  6. What have been the unanticipated consequences of our work, both positive and negative?
  7. What are the lessons learned and how do they inform and shape our future efforts in this area?

#### OTHER INFORMATION

Format of deliverables and establishment of award envelopes should be the same as for strategy development. The dashboard should be updated to reflect the new strategy as appropriate. The review process is similar to that of a new strategy.